

Memorandum

Date: October 22, 2008
Telephone: (916) 651-0965

To: Commissioner Jeffrey Byron, Presiding Member
Commissioner Arthur H. Rosenfeld, Associate Member

From: California Energy Commission – Che McFarlin
1516 Ninth Street Project Manager
Sacramento, CA 95814-5512

DOCKET	
07-AFC-9	
DATE	OCT 22 2008
RECD.	OCT 22 2008

Subject: **CANYON POWER PLANT (07-AFC-9) STATUS REPORT #2**

Recent Developments

In a suit brought against the South Coast Air Quality Management District (SCAQMD) by the Natural Resources Defense Council, the Los Angeles Superior Court issued a decision on July 29, 2008 that invalidated the SCAQMD's approval of Rule 1309.1 (Priority Reserve) and 1315 (Federal New Source Review Tracking System). The court's decision prohibits SCAQMD from undertaking any action to further implement those rules pending CEQA compliance, including selling Priority Reserve air pollution offset credits.

On October 8, 2008, the City of Anaheim provided the Energy Commission with a revised SCAQMD permit application which reduced the proposed operating hours from 4,006 to 200 per year. The operating hours were reduced so the project could qualify for an offset exemption per SCAQMD's Rule 1304 avoiding the need to access Priority Reserve air pollution offset credits through Rule 1309.1.

The reduced operating hours and resultant emission reductions will allow the SCAQMD to issue a Preliminary Determination of Compliance (PDOC) for this project. Staff does not currently have a clear indication of when the PDOC will be issued.

Schedule

Energy Commission staff propose to publish the Preliminary Staff Assessment (PSA) within 40 days from receipt of the PDOC.

cc: Docket (07-AFC-9)
Proof of Service List

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE
STATE OF CALIFORNIA

APPLICATION FOR CERTIFICATION
For the CANYON POWER PLANT
PROJECT

Docket No. 07-AFC-9

PROOF OF SERVICE
(REVISED 7/31/2008)

INSTRUCTIONS: All parties shall either (1) send an original signed document plus 12 copies or (2) mail one original signed copy AND e-mail the document to the address for the Docket as shown below, AND (3) all parties shall also send a printed or electronic copy of the document, which includes a proof of service declaration to each of the individuals on the proof of service list shown below:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 07-AFC-9
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DECLARATION OF SERVICE

I, April Albright, declare that on October 24, 2008, I deposited copies of the attached Canyon Power Plant (07-AFC-9) Status Report #2 in the United States mail at with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.

Original signature in Dockets

April Albright